

1 July 1996.

2 Up until now we have been in the process of doing
3 that, and also, based upon the 8 February signing of the
4 Telecommunications Act, those items and federal direction as
5 it relates to both interconnection and unbundling of network
6 elements and resale.

7 We have proceeded, since we only have three
8 minutes, to go into a number of hearings. We have put out
9 interconnection rules on unbundled elements loops, rules
10 relating to resale. What we didn't anticipate from a
11 regulatory point of view was the complexity of operating
12 support systems.

13 I want to just quickly show one chart, and I was
14 told not to, but I think it will add to my comments. Well,
15 I won't. I guess they moved that. Well, that's funny when
16 you are sitting here.

17 The points that we have had during our hearings is
18 naturally we by our current rules support nondiscriminatory
19 access to unbundled network elements which include the
20 Operating Support Systems. The problems that we have faced
21 during our hearings and through the workshops that we have
22 had is how far does this go today based upon the
23 technologies, and how much and who pays for what parts of
24 this automation to ensure that there is this transparency
25 for pre-ordering, ordering, maintenance and repair, as well

1 as billing procedures.

2 The discussions that we have had within our
3 Commission have evolved around these particular points.
4 There is also, we have found, a misunderstanding upon both
5 parties, the CLECs as well as the ILEC. And in our case
6 that's US West, and I know there will be a later panel in
7 which US West will speak.

8 But what I want to point out is the system that we
9 have available today is similar to what was discussed, a PC
10 with a Web browser interface that allows the CLECs to get
11 into the provisioning of -- the pre-ordering functions of
12 the existing ILEC, in our case, US West. They can go in
13 there, they can get that information. However, when it
14 comes to ordering, maintenance and repair and billing, these
15 issues will require manual interfaces, and that also I
16 should point out, has to do with the pre-ordering. As long
17 as the order is filed correctly and the information is
18 correct, then it can be done -- that information can be
19 provided electronically.

20 But as far as the other interfaces, it's manual.
21 It's manual today, and we have been discussing with the
22 incumbent as to the time lines that they feel they will be
23 able to modify those software applications to allow this
24 electronic interface. We are looking at possibly a year
25 from this past month.

1 Also, when we deal in the realities of what is the
2 impact, to date, as of Thursday of last week, the
3 competitive local access providers process within the State
4 of Colorado five orders. Throughout US West's territory, we
5 have no more than 200.

6 So we are in what I view as a learning process.
7 We support the automated interface. We want to see
8 transparency from a state commission point of view. We are
9 moving both the incumbent toward that goal, but we are also
10 trying to identify from the competitive local access
11 providers what are the exact requirements. And then
12 naturally when you talk just and reasonable, who pays for
13 these modifications to these softwares.

14 A final note, we are proponents of national
15 standards, our Commission, and with that I look forward to
16 the question and answer period.

17 Thank you very much.

18 MR. WELCH: Thank you, Commissioner.

19 Finally, we have two representatives from the
20 Executive Branch of the government, and first we will start
21 with Katheryn Brown from NTIA. Katheryn?

22 MS. BROWN: Thank you, Richard.

23 Thank you for the invitation to be here. NTIA, as
24 you know, on behalf of the administration has consistently
25 advocated practices and policies for robust competition in

1 all of our markets. Our vision is that consumers will have
2 choice limited only by the constraints of the market to a
3 vast array of telecommunication services from multiple
4 competitors.

5 Significant process has been made over these last
6 18 months to set the rules of the road, but without
7 operating systems in place that actually accomplish the kind
8 of interconnection contemplated by the Act, consumers will
9 lose, competitors will use, and I think incumbent companies
10 will lose as their customers become impatient with the
11 market's inability to deliver the services they want.

12 I offer three observations today which I think
13 perhaps form a framework for the way we ought to look at
14 this from a policy point of view.

15 First, the mark of real competition is that
16 consumers are able to change their providers with minimal
17 effort. This means that consumers can choose a new provider
18 with no delay, or minimal delay, with no loss of service,
19 with no loss of billing, and with minimal confusion.

20 And I would suggest to the industry that these
21 standards should be set by the marketplace, by the consumer,
22 and not decided amongst and between folks in a room who
23 think that's what consumers want. There is a vast array of
24 consumer literature that talks about what consumers expect
25 in a competitive marketplace, and I think it's well that all

1 of us take a look at that. And when we are thinking about
2 the standards we need to meet think about what the consumer
3 standard is.

4 Secondly, optimally the relationship between the
5 carriers should be a contractual one. We have to move
6 gradually away from a regulatory prescriptive approach to a
7 contractual approach. These contracts are supply contracts,
8 and our effort should be to ensure that we create an
9 environment that mirrors the commercial environment that any
10 other supply contract looks like.

11 This we need to do with all three kinds of
12 interconnection that are contemplated by the Act. There
13 should be contract language that covers not only the service
14 that is being provided -- my fear is that is much too narrow
15 a focus. We know that there should be nondiscriminatory
16 access to all elements. That's taken for granted.

17 What we need is a contract that covers the
18 relationship of the parties. This should include
19 performance standards. What do the parties expect of each
20 other? And what clearly are the performance standards that
21 one would expect under the contract?

22 There should be service quality standards
23 included, and there should be clear enforceable -- a
24 provision for enforceability of the contract. Commercial
25 entities have found a way to resolve their own conflicts,

1 and have placed value on the loss of time, the loss of
2 service that occurs when the contract is not fulfilled.
3 These should be part of the contracts between the carriers
4 and parties who are then serving consumers.

5 What then, three, is the role of government. The
6 role of government right now is to ensure that the
7 incentives are in place for the parties to reach contractual
8 agreement expeditiously, and to be able to deliver to
9 consumers the promise of this Act.

10 There are a number of things on the record right
11 now, it seems to me, that are incentives for this kind of
12 behavior.

13 First, it is entirely reasonable, in my view, that
14 state and federal regulators would require an
15 interconnection agreement to include the kinds of elements
16 that I just described. Without them the agreement doesn't
17 work.

18 Secondly, it is entirely reasonable, in my view,
19 for regulators to think about these kind of agreements with
20 respect to all kinds of interconnection, whether it be a
21 resale kind of relationship or an unbundled element kind of
22 relationship.

23 It's reasonable also to conclude that the
24 operating systems need to be, if not detailed in the
25 contractual language, at least contemplated and that some

1 process for determining what those systems are and what the
2 parties can agree on is in the contract with some date
3 certain.

4 NTIA has suggested that in the access charge
5 regime that the marketplace approach works only if there is
6 a market, and we have suggested that if these operating
7 systems are not up and not reasonable, that the Commission
8 should go back and look at access charge levels. Inter-
9 ladder, it seems to me, becomes open then to the LECs once
10 these systems are in place, and the market is in fact
11 operating and customers have a choice.

12 We further know that pricing flexibility is a
13 available or should be available once there is a competitive
14 marketplace.

15 These incentives are already in place under the
16 Act and should be embraced by regulators, both on the
17 federal and state level, to ensure that the parties agree to
18 a win/win situation so that they can do business together.
19 Where those incentives are not apparent it seems to me we
20 need further discussion as to what the proper incentives are
21 to induce the parties to act reasonably and in accordance
22 with the Act.

23 Bottom line, however, the law requires, requires
24 interconnection, and puts a duty on carriers to ensure that
25 the systems are open. If the parties cannot agree in a

1 reasonable amount of time to the kinds of systems necessary
2 to ensure that consumers have real choice, then it is
3 incumbent upon the state and federal regulators to step in.

4 It is my view, however, that we will be better off
5 if the industry itself can come to consensus, and if the
6 environment is set properly so that it ends up a win/win for
7 the industry and a win for consumer.

8 Thank you.

9 MR. WELCH: Thank you, Katheryn.

10 And, finally, Don Russell, from the Department of
11 Justice.

12 MR. RUSSELL: Thank you, Richard.

13 Since I am the last speaker, I will try to maybe
14 sum up a couple of themes that I have heard through all of
15 these opening comments by the other panelists, and also make
16 a third point, which I think is implicit in what a lot of
17 people are saying.

18 The first theme which I think comes through loud
19 and clear is that consumers in this country want and demand
20 very high quality competitively priced telephone service and
21 they won't tolerate anything less. And in order to get that
22 from the new competitors that are coming into the
23 marketplace, those competitors will have to have high
24 quality, workable access to the electronic systems of the
25 incumbents, and have workable interfaces to coordinate their

1 activities and the activities of the incumbents that they
2 are working with.

3 It is absolutely clear that competition is to work
4 on a significant scale, these interfaces have to be fully
5 developed and working, and they have to work right, and they
6 have to be affordable to all, and the consumers of this
7 country simply won't tolerate anything less than that.

8 The second issue that I think is apparently from
9 almost all the remarks we have heard this morning is the
10 complexity of accomplishing this. The systems that are in
11 place now are systems that were developed over many years
12 time by the incumbents. They were developed with very large
13 investments over many, many years by the incumbents. They
14 work extremely well for the incumbents' own purposes, but
15 it's going to be very difficult and costly and time
16 consuming, to some extent, to make those systems available
17 to the new competitors that are entering the marketplace and
18 to make sure that adequate interfaces are developed and
19 implemented to deal with the new competitive environment.

20 I think those two themes we have heard from all
21 different perspectives this morning.

22 There is a third implication, I think, that comes
23 out of that, which is that we should be thinking about these
24 issues not as simply a one time issue, or a yes or a no
25 issue, but more as an ongoing process that the industry will

1 be going through. I don't think the law requires absolute
2 perfection in terms of the interfaces that are developed. I
3 don't think that's possible in this world.

4 On the other hand, I think it's important for
5 everybody to realize that the law also probably is not ever
6 going to reach the point where it says you have done enough
7 if you are the incumbent or if you are the competitor, and
8 you don't have to do anything more.

9 The networks that are involved here, the
10 interfaces between the companies are complicated today, but
11 they will continue to evolve over a long period of time.
12 The kinds of business dealings between the new entrants and
13 the incumbents will change over time. The technology will
14 change over time, and the consumer demands in the
15 marketplace will be changing as well. And I think what that
16 means is that in dealing with OSS issues, in dealing with
17 the interfaces between incumbents and the new entrants that
18 are competing against them, there will have to be a
19 continuing process by which these issues are worked out,
20 either with or without oversight by the FCC, with or without
21 private contractual arrangements through the industry
22 standard-setting bodies that we have heard from. But one
23 way or another this process is going to continue for quite a
24 long time, and I think we will have to continue to strive to
25 making these systems work.

1 There has been, from our perspective, a tremendous
2 amount of progress that has been made over the last year or
3 so under the Telecommunications Act. There is also, I think
4 in many ways a tremendous road ahead of us, a long way to
5 go.

6 MR. WELCH: Thank you, Don.

7 Okay, now, we will move into the next phase, which
8 is some questions and answers, and hopefully we will
9 generate some wild debate among the panelists.

10 I want to thank everybody for keeping their
11 remarks brief. We are staying remarkably on time here.

12 The first area that we wanted to explore is the
13 role of government, the federal government in particular, in
14 this area of OSS. And Katheryn stole my thunder a little
15 bit with my first question. She has offered some views on
16 how she thinks this would develop.

17 So I'm going to ask her a couple more specific
18 questions along those lines, and then maybe we can hear from
19 some of the other panelists on the proper role of the
20 federal government and the FCC specifically.

21 Katheryn, you mentioned that basically the
22 position of NTIA is that consumer demand should drive this
23 process to the extent possible.

24 The first question is how do we as regulators or
25 people in the federal government know what that demand is?

1 Is there a role for the government to be setting technical
2 standards for these types of systems now? And should the
3 government be setting any type of performance standards now,
4 at least until competition develops? That is sort of three
5 questions there all at once.

6 MS. BROWN: Well, I should allow the industry to
7 talk about it because what I just suggested was that the
8 industry ought to step up to this issue, and ought to say
9 what is required for its customers.

10 I think that there is information out there. We
11 in the regulatory field when I was in New York clearly had a
12 lot of information about what customers demanded with
13 respect to their company. Delay times, we knew what billing
14 was required, we knew what customers wanted with respect to
15 customer services, we knew what they wanted with respect to
16 technical service. We know what customers want. And I
17 believe the companies know what customers want. And I think
18 we have to work from that point backwards.

19 Do we need technical standards? Absolutely.

20 Do we need standards, bodies to start talking
21 about what they are? Absolutely.

22 But we need performance standards that talk about
23 outcomes, and that, in my view, should be what the companies
24 together are negotiating.

25 And my point is that government should be there to

1 ensure that the negotiate those standards. They each and
2 both have high need to push as far as they both can go. And
3 the best solution will be one that they both can live with
4 that will deliver to customers.

5 The trick, however, is when it is as complicated
6 as this chart that the Commissioner wanted to show but
7 wasn't able to show, is who can decide all of those
8 individual details. And it seems to me that the parties are
9 in the best place to make those decisions, but they have to
10 do so expeditiously, and regulators have to demand that it
11 be done and done thoroughly.

12 MR. WELCH: You mentioned the preference is to
13 ensure that incentives are in place to get these into the
14 contractual arrangements, and the states in the first
15 instance are at the front line in working through the
16 negotiated contracts and the arbitrations. And so I think
17 it would be useful to hear from the Commissioner about how
18 you are dealing with this in Colorado, and specifically, and
19 maybe more generally, in the states.

20 COMMISSIONER MAJKOWSKI: As I started my comments
21 off, we have been working this issue since '95, before the
22 Telecommunications Act. And the way we tried to approach
23 this and I will bring it up to the complexity issue that I
24 talked about in our not understanding that as it relates to
25 OSS.

1 But when we started out to open up the local loop
2 to competition, we tried to touch on the easiest issues
3 first, so we touched on what we felt was local numbering
4 portability, E-911 access. Then we went into certification
5 of new entrants, transfer of those certifications cause they
6 meant money, and then what happens if someone wants to
7 abandon, who maintains responsibility for keeping the
8 customer connected to the public switch network.

9 From there we moved on to interconnection resale,
10 unbundling, unbundling elements, and the Colorado High Cost
11 Fund. With the Act as it came down, we were trying to get
12 the parties working together, all parties -- wireline,
13 wireless, competitive local access providers as well as the
14 CABS -- into the ball game so that we could get this
15 mutually agreed upon consensus building as to how we would
16 have -- what rules within the State of Colorado would allow
17 competition to take place on the first of July.

18 It also involved rates, and as specified, in
19 Colorado we had, in '96, House Bill 1010, which directed us
20 to put in rates in being. We did that by 1 July '96. US
21 West put the tariffs in.

22 Everything was in place except for the fact that
23 the incentives that Ms. Brown talks about still weren't
24 there. We went through the arbitration interconnection
25 agreements. We laid out standards. We laid out

1 performance. We had to pull the standards and performance
2 out of the interconnection agreements and address those
3 separately because we couldn't get consensus on the part of
4 the parties. To which after awhile it became where -- in
5 fact, in the case of AT&T and MCI and US West, where we did
6 a ballpark to use your beginning comments, and picked and
7 choose between the interconnection agreements as it relates
8 to the entire programs, as well as quality of service.

9 You need quality of service standards. You need
10 performance standards. You need to have within those
11 contracts, which I agree with, which are arbitrated
12 interconnection agreements, the ability to have the parties
13 go to court. The Colorado Commission did not want to be
14 part of that ball game. We wanted to be outside of it. In
15 fact, we started out with the arbitration of the
16 interconnection agreements. We told the parties that we
17 would prefer that they negotiate those agreements prior to
18 coming to us. But should they do that we will meet the
19 requirements of the law and finalize them, and we have done
20 that.

21 So I agree with the liability question, or the
22 enforcement question, but when it comes to the OSS the
23 reason why we didn't anticipate that was because of how do
24 you look at this complex thing of operating support systems,
25 and you have system management systems, and you had third

1 party data systems. All of these issues you had to have
2 open to the competitor so that they could compete, have
3 access to that information. You want it on a real time
4 basis. It's not there today, and it needs to be worked.

5 And that's where, in regards to the national
6 standards, my thoughts and comments would be you have got
7 various RBOCs using the Legacy, Bell Corps. loose end
8 structure of their operating systems, and they have evolved
9 with proprietary information and networks in those systems
10 which each one of them has.

11 And so if you are going to do this on a national
12 scale and you're going to have competitive local access
13 providers be able to compete on a national scale, they
14 shouldn't have to do it seven different times. That's it.

15 MR. WELCH: Maybe we could hear from the
16 incumbents here for a second on this issue of incentives and
17 the proper role of government in terms of performance and
18 technical standards.

19 John, do you have any thoughts on that?

20 MR. LENAHAAN: Sure. I think there is probably one
21 thing that Ameritech and LCI and MCI have in common,
22 probably a couple more than one things. But one thing that
23 we have in common is we both want to serve our customer and
24 make the customer happy. And the key to performance and
25 incentives, what I would call post-entry incentives, is that

1 there is a mechanism to measure the performance we are
2 providing to CLEC and compare it to the performance we
3 provide to our customers, because at the bottom line that's
4 going to be, I think, the most relevant measure as to
5 whether or not the CLEC is getting nondiscriminatory
6 service.

7 So I think there is a role for some minimum levels
8 of service quality that the government or the state or
9 federal regulators can help, but the real, I think, relevant
10 measure of performance is a parity measurement which
11 compares the CLEC and the ILEC on an apple to apple basis if
12 that's possible.

13 So, in my opinion, the contracts that the
14 government needs to approve, the state commissions need to
15 approve, the most productive role for government in that
16 case is to ensure that the contracts have adequate
17 performance measurements, and adequate performance reporting
18 obligations so that the parties can determine whether they
19 believe they are getting nondiscriminatory service relative
20 to the ILEC retail business and relative to the service the
21 ILEC is providing other competitive carriers.

22 MR. WELCH: Maybe we could hear from a couple of
23 new entrants. What has been the experience thus far in
24 actually negotiating and arbitrating these contracts in
25 terms of getting these types of performance or technical

1 standards actually written into these contractual
2 agreements?

3 Don, do you have any thoughts on that?

4 MR. LYNCH: I have got a number of things I would
5 like to respond do.

6 First off, I think a good start is starting with
7 the contracts. Clearly, we would like to have an
8 environment where you have commercial negotiations between
9 the parties to come up with a contract that's good for both
10 parties, both the incumbent as with the new entrant.

11 The fundamental problem you have you're starting
12 off with a monopoly company and trying to have negotiations
13 with, which basically says if you don't want it this way,
14 you don't need to do it at all.

15 And then from three you may get to a commission,
16 and a commission then has to try and to split the baby and
17 you end up not in a commercial environment that you would
18 normally like.

19 That also flows over in terms of setting the
20 standards. In every agreement that MCI has been trying to
21 get -- by the way, I am the guy who is supposed to get
22 them -- in every agreement that we have been trying to get
23 we have consistently asked for standards of performance from
24 which we can measure the incumbent and the incumbent's
25 ability to provide services to us in which we in turn can

1 serve our customers.

2 In most cases those performance standards have
3 been extremely difficult to negotiate. When they have been
4 arbitrated, they end up in state -- the state forums. They
5 get ordered down to the point that they are meaningless.

6 The last -- the further comment is that some folks
7 here have suggested that we want to maintain parity with the
8 RBOC. Clearly, that's the case. We want parity. But
9 that's not necessarily good in all cases. In some RBOC
10 territories they have been fined recently for not providing
11 service to their own customers, and we certainly don't want
12 our local customers to be subject to that types of problems.

13 So to start off with, ideally in a commercial
14 world, absolutely you want those kinds of terms and
15 conditions in the agreement. From a practical standpoint
16 given our starting point, it's near to impossible to
17 actually happen.

18 To take a step further in terms of the systems.
19 For an incumbent, or rather, a new entrant trying to get
20 into the business right now each of the RBOCs have come at
21 this issue in somewhat of a different way. We have talked
22 about GUI interfaces with PCs. That does not -- that cannot
23 operate in a robust telecommunications market. All we need
24 to do is take a look in the long distance market and see the
25 robustness of it. We have millions of customers that decide

1 that they want to change long distance carriers, and that
2 happens in some cases or most cases less than 24 hours.

3 Here, today, in the local market, it takes
4 multiplies of days and sometimes weeks to get our
5 transactions through.

6 So we have enough standards sitting out there in
7 terms of a free competitive market, whether it be in the
8 long distance, and by the way, that also goes through the
9 maintenance systems, it goes through the billing systems.
10 You have a model out there, and that's one of the things
11 that I would think that we need to replicate.

12 At this point in time I don't think we want any
13 federal or any -- any regulatory body coming in and setting
14 the standard per se. However, I would also say that I think
15 the FCC and the state regulators have a stake in this as
16 well as we do, and what I would mean by that is certainly
17 helping us along the way, similarly to what was done in
18 implementing 800 portability, in terms of an ongoing
19 involvement, making certain that people were focused on the
20 end result, and using good offices to push this process
21 along, I think, can become very, very helpful with that.

22 Anne, I am sure you have got something to say.

23 MS. BINGAMAN: Yes, I do.

24 First, as to the comments of Ameritech about
25 parity being the goal, I endorse that wholeheartedly. Let

1 me echo Don's point that we are dealing here with entrenched
2 incumbents who have it all.

3 Now, Ameritech today, I think, would have people
4 in the audience agree more incentive than most to be
5 cooperative, to help, to do everything they could to get
6 this thing on the road. And let me just tell you what's
7 actually happening out there.

8 Our bills are three to seven days late, daily
9 usage feeds. Our monthly usage feeds are anywhere from a
10 month to two weeks late. They are improving slowly.

11 What this means is it is not close to parity.
12 They get theirs within 24 hours. We get our three to seven
13 days or a month late, and you're billing an installation.
14 The customer doesn't know why, they have no idea. They
15 think we are incompetent. We don't have the bills. That's
16 number one.

17 Number two, a simple thing, although it is
18 hellaciously complicated but simple to cure, but Ameritech
19 has met with basic indifference to our pleas to for God's
20 sake help us with USOC codes. Now, let me just tell you
21 what UOSC codes are.

22 They are basically Greek. They are strings of
23 letters, and I brought some here for you just to give you
24 guys a little bit -- this is one page of one customer order,
25 and these are USOC codes, and the read, "NALSA/DAD /6TLI/."

1 If you miss one letter in this entire page, your order is
2 rejected. These things are crucially important.

3 USOC codes were invented by Bell Corps. There are
4 10,000 of them. They differ for residential and business
5 consumers. PacBell will not give us USOC codes. Ameritech,
6 which wants parity, we have begged them to give us the same
7 USOC codes they have. For awhile they had them on a Web.
8 They took down the Web site for a month. They don't give us
9 the changes. We are in a world of hurt here, folks, on a
10 basic thing about how do you order this. This is
11 complicated stuff, and there is no English language
12 conversion to it.

13 Let me give you another real simple example. Free
14 form customer service records come from Ameritech and every
15 other RBOC electronically. Well, now, that sounds good.
16 It's electronic. Well, you know what free form is as
17 opposed to fixed format. Fixed format is what they use for
18 themselves in billing. It's in fields. You know, computer
19 fields so that this field has this bit of information, the
20 next field has that bit. It's readable by your own
21 computer. You can write a routine.

22 A free form customer service record, which is the
23 number one thing you need to find out what this customer
24 we're trying to sell to have and what is it. It comes in
25 this blop of lines, 80 lines on a page free form. We have

1 to write sophisticated parsing routines to try to figure
2 out, okay, is this the part of this that's the order. Is it
3 somewhere else in this line? And it's -- by the way, CSRs
4 differ by region in Ameritech. Their CSRs aren't uniform.

5 You know, parity is great, and I am all for
6 parity, but we have been begging them for six months to help
7 us with this USOC thing, to give us fixed field, fixed
8 format. We are nowhere.

9 And I am not trying to touch every single problem
10 here, but I am trying to say to you dealing with an
11 incumbent monopolist who has it all in complex computer
12 systems, when you are struggling to get into business and
13 you are trying desperately to just sell the line and not be
14 in lawsuits is tough.

15 Let me give you a second example. Bell Atlantic,
16 we have no deal today with Bell Atlantic. You know why? I
17 have been telling them since February we want to get in Bell
18 Atlantic. It's the second biggest region for us. We are
19 crazy to get there. I have written Jim Young. I have
20 begged him. He said, "No problem."

21 Okay, it's comes down to this. We got a deal on
22 the simple resale and Bell South, to their credit, we did
23 this in six hours with them; with Bell Atlantic, three
24 months of negotiating a simple resale contract. Okay, we
25 are down to they want confidentiality on all performance

1 standards. They want me to have to ask their permission to
2 give the FCC or the DOJ my views on performance standards so
3 that they can then seek a confidentiality order and put it
4 under seal.

5 Well, now, what does that do the agencies, you
6 know, who are passing on the adequacy of their performance?
7 It leaves you in a box. You are blinded.

8 I have refused to sign that. I have offered to
9 sign the contract subject to my right to challenge that, and
10 I haven't heard back from them.

11 So this idea that Kathy Brown, who his a dear
12 friend and I respect her greatly, but the theory that we can
13 negotiate in a normal business setting with monopolists when
14 we are facing desperate need to get in business and sell,
15 the imperatives of that, plus the huge size of them versus
16 you, plus the relative importance of these things, what
17 happens is it just doesn't work. This is not a normal
18 commercial setting. And I just -- to pretend, to pretend it
19 is and to pretend that this is just too business people
20 trying to do business, let's face facts here.

21 These people have a monopoly. They are business
22 people. They want to hang onto it. I don't blame them.
23 That's the nature of the world. You know, that's the thing
24 you are dealing with. We are trying to get in and we want
25 to get business. Their incentive is not to make it easy for

1 us to take their customers. Their incentive is to do as
2 little as possible to get past the hurtles which will get
3 them into long distance, and then, you know, we will see
4 where we are.

5 The reason performance standards are so crucial to
6 be set by government is because we have heard the gentleman
7 from Colorado. You are aware of the Wisconsin staff, long
8 hearings on OSS, and a staff order denying Ameritech's
9 application. Illinois, the same. New York had a technical
10 conference on NYNEX. NYNEX agreed they had problems.
11 Georgia PSC found OSS problems.

12 What is going on right now in the states is what I
13 really call a fire storm that is raging out there as people
14 struggle to grapple with these incredibly complex issues for
15 the first time. And you have staffs in state commissions
16 who are doing a conscientious job working at it, but they
17 need help.

18 I mean, I think the commissioner from Colorado
19 said it exactly, and that would be my view too. The
20 industry needs help from the FCC. Contract negotiations
21 will not do it.

22 MR. WELCH: There has been a lot of talk about
23 parity. Let's explore the standards of parity and
24 nondiscrimination a little bit more. And, Don, I am
25 ultimately going to throw this question at you, so heads up.